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# *Brazil Reaches New Trade and Production Highs*

## Export Prices Up 17 Percent

### Coffee Rises 41 Percent In Value, Supplying 6/10 of Income

A breakdown of Brazilian exports for the first seven months of 1950 shows that coffee accounted for nearly 62 percent of total value, with sales coming to 7,188,446,000 cruzeiros out of an overall value of 11,606,949,000 cruzeiros.

In percentage of increase in sales value, 41 percent over the like 1949 period, coffee fell behind three other Brazilian products, cocoa, cocoa butter and sisal fibers.

Brazil shipped 24,960 tons of sisal abroad in the first seven months of the year, valued at 129,183,000 cruzeiros. This was 52 percent more by weight and 50.1 percent more by value than last year.

**Cocoa Butter Shipped**

About 6,000 tons of cocoa butter were exported in January-July, which was some 132.7 percent more than last year. Value went up only 65 percent, however, with sales coming to 93,301,000 cruzeiros.

Good gains in export income were also registered in cocoa, with volume going up by 40 percent and value increasing by 93 percent over the first seven months of 1949. Cocoa sales came to 679,647,000 cruzeiros. Tonnage shipped was 73,168.

In all, the value of Brazil's exports in the first half of 1950 increased by about 17 percent over the like part of 1949, although volume was about 9.4 percent less.

Good gains were made in sales

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## *Colonial Salvador, Capital of Bahia*

**Markets near the wharves, where colorful local wares are offered for sale, are only one of the unparalleled attractions for tourists offered by Salvador, capital of the Brazilian state of Bahia, where the old and the new Brazil merge.**

## *Salvador, 400-Year-Old Bahia Capital, Has Colonial Charm Amid Modernity*

Salvador, capital of the Brazilian state of Bahia, founded in 1549 as the first European-built seat of government in the Western Hemisphere, is the Brazilian city which perhaps best illustrates the merging of old and new.

Located in a rich farming center, Salvador is midway between the northern and southern ends of Brazils lengthy coastline. It is around 35 hours by ship from Rio and some four or five hours by plane.

The city is sharply divided into two parts. The sea-level district, where much of the commerce of the port is carried on, and the upper city, reached by a 234-foot lift.

In the lower city are picturesque docks and fishermen's wharves, as well as numerous shops and warehouses and markets of the type pictured above.

The upper city is unique in its attraction for tourists. It is a vestige of colonial days, but infiltrated by wealthy and modern homes and commercial buildings.

Old forts, parks, ocean drives, good beaches, medieval-style castles, are some of the lures the city has for tourists. A fashionable watering place is the nearby island of Itaparica.

The people of the city and the state as a whole are famed for their gaiety, music and colorful costumes. They are open-handed in their hospitality to tourists.

## Industry Sets Output Pace

### Business Levels Generally Rise in Survey of First Six Months' Activity

Economic indices compiled by *Conjuntura Econômica*, economic review of the Getúlio Vargas Foundation in Rio, indicate that Brazil reached a record high in heavy-industry output during the first half of 1950.

The indices also indicated that Brazil was producing more electric power than ever before and that in the final months of the first half of 1950 of advances were beginning in other fields as well.

The indices, based on 100 equaling 1946 volume, were at 202.1 for heavy industry in June, against 132 in June of last year.

The index of heavy industry production for the entire first half of 1950, based on averages of monthly indices, was at 194.5, against an index of 144.3 for the first half of 1949.

Electric power output, averaged for the first half of last year, came to 127.7, while for the first six months of this year the monthly average was up to about 139.5.

**Production Rises**

Production in general, while somewhat below the monthly average of the first half of last year, rose sharply in June to reach its highest point this year at an index of 114.3. This was the reverse of last year's trend, when production in general was low in June, at 110.2 after a decline.

A similar tendency was noted in indices on foreign trade. Both exports and imports were up to highpoints for the year in June, but these highpoints were considerably below those of 1949.

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## Need for Dairy Products Shown

There is still considerable room for development of the milk industry in Brazil, according to recent figures from the Ministry of Agriculture.

The report said that there were some 2,650 milk-handling plants in Brazil, including 104 which "process" milk, 857 which make dairy products, 146 creameries, 109 wholesale distribution centers and 1,424 dairy farms which have their own cheese factories.

## More Dutch Plan To Go to Brazil

Dutch immigration to Brazil will be fostered under a new treaty to be signed soon, according to a recent statement by Brazilian Minister to Holland, Dr. Souza Leão.

He said the Brazilian government would likely pay half of the immigrants' fare to Brazil and let them buy land on favorable terms.

There would be no duties on cattle or tools and machinery brought into Brazil by the settlers, who would not have to pay any taxes for three years.

About 700 Dutch settlers came to Brazil last year and so far in 1950 another 500 have arrived. A special farm colony was set up for them in São Paulo.

## *Iron-Ore Exports By Brazil Mount*

Iron-ore exports from Brazil reached a new high level in September, when 121,793 metric tons were shipped from the port of Vitória. This ore comes from the Itabira region of the state of Minas Gerais

September exports, however, were well above the monthly level this year. Total exports for the first half of 1950 were 521,048 tons, or less than 90,000 a month on the average.

The six-month total were far more than for the like 1949 period, when only 325,103 tons were shipped through Vitória. The increase came to about 60 percent.

## *Brazil Reaches New Trade, Production Highs; Basic Industry Setting the Pace*

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The index for import trade was at 140.4 in June, against only 96.5 in January, but below the 154.4 index for imports in June, 1949.

The indices showed that Brazil's import trade reached its lowest point since 1945 during January of this year. As they refer to volume only, the indices do not take into account the fact that Brazil was, of course, paying far more for this lesser volume than for larger volume in previous years.

Exports also shot up in June to an index of 122 after having been as far down in the doldrums as 75.4 in February. The 1949 monthly average index for export volume was 126.7. Here again price increases changed the economic effects of these indices for Brazil.

### Textiles Pick Up Some

Textiles, which in the last half of 1949 and most of the first half of 1950 had been the weakest field in Brazilian light industry, suddenly blossomed in June to reach an index of 105.9, higher than monthly averages in any previous year, but still somewhat under June of 1949. This index was as low as 53.5 in January of this year.

For a reason not entirely clear, but probably related to unsettled conditions in the textile industry, one of Brazil's biggest, employment in industry continued to decline.

In June, the employment index stood at 94.7, the lowest of any month in 1950 or 1949, and, in fact, the lowest since 1946. The decline was not steep, however, as the index had been running between 98 and 95 for a year.

Merchandise sales were still at a good level in June, although below the high-point of the year. This index in June was at 133, up a tenth of a point from May and about 5.2 points from January, but about 18 points under the high in April. At 133, the index was 8.4 points above that of June, 1949.

In the financial field, new records were set in deposits, loans, checks drawn and money in circulation. These indices, respectively, were 148.6, 162, 196.5, and 132.3. The trend continued upward in July, *Conjuntura Econômica* reported.

### Prices Up in Brazil, Too

Prices, both retail and wholesale, also mounted in June, although at that time they had still not regained the high levels of late 1949. The June index of wholesale prices was 166.5, against 145.7 in June 1949, 172.9 in December 1949, and 172.7 in January 1950. The survey showed, however, that these prices went up to an index of 179 in August, after the Korean War.

In retail food prices, the indices were not figured past the month of May, 1950. At that time, this index stood at 149, the highest point, after climbing steadily from the 1949 average of 13.9, the 1948 average of 123.1, and the 1947 average of 115. Overall living costs, in June, were at an index of 139 against 131.7 a year previously.

Wages, while showing a general tendency to increase, were still below the highpoint reached in December, 1949, of 147.8, and were also under the October level of last year. The index for June of this year was 142.7, while the average for the first half of 1950 was about 138.6, against 133.4 for all of last year. The indices in this field applied only to wages paid in industry.

## Export Prices Rise 17 Percent

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of carnaúba wax, valued at 256,-699,000 cruzeiros, or about 39 percent above last year. Export volume, 204,375 tons, was up by nearly 28 percent.

Except for a 6 percent increase in value of tobacco exports to 187,708,000 cruzeiros for 18,479 tons, or about 2 percent less than last year, the value of other main Brazilian exports declined.

Hides and skins dropped 40 percent in value, pine lumber nearly 24 percent, castor beans 20 percent, raw cotton nearly 19 percent, and other products, on an average, about 17 percent.

## UN Report Notes Coffee Rise Cause

### Demand Outran Supply, FAO Says; Growers Benefit By Higher Prices

Shortage of coffee in relation to effective demand was the main cause for the recent rise in coffee prices, according to the report of the Food and Agriculture Organization of the United Nations (FAO).

The report said that since the war world coffee use has outrun coffee production. For a time this extra demand was met by reserve stocks. But these stocks were used up by the end of 1949.

At about the point when it became clear that demand exceeded supply and that stocks were gone, currency devaluations in Europe and some South American countries led some U. S buyers to think they would lower coffee prices, the FAO added.

### Sudden Buyers' Rush

Brazil, the main coffee country, did not devalue, however, so those buyers who had been waiting for the action suddenly realized that it wasn't coming and started buying heavily.

The FAO forecast that the 1950-51 coffee crop may be slightly under last year's. Weather in some of the big growing areas has been rather bad, it said.

The report pointed out that even with high prices it will take some time before coffee growers can raise bigger crops. In Brazil, since good new land is scarce, it said, bigger crops will have to be based on refertilized old land, which would raise production costs.

The FAO also noted that high coffee prices now are tending to help out growers and plantation workers, although a great part of the 1949 rise went to middlemen.

Meanwhile, Brazil's presumed President-elect Getúlio Vargas was quoted as saying he would "guarantee a fair price for coffee and avoid all manipulations to lower the price, so as to assure fair profits to producers and fair wages to workers."

# *Domestic Serum Laboratories Supply Brazil's Market*

## Million Dollar Co. Leads New Field

### Instituto Pinheiros, in São Paulo, Operates Large Research Project

The biggest producing center of medical serums in Latin America is located in São Paulo. It is the Instituto Pinheiros, Produtos Terapêuticos, S. A.

Founded 22 years ago, the Institute has a capital of 20 million cruzeiros, or more than $1,000,000. It has main offices and laboratories in the city of São Paulo, with a special research and laboratory center on the Itapecerica Road outside São Paulo.

Instituto Pinheiros specializes in serums, although a variety of medicinal and pharmaceutical products are turned out in its laboratories.

**Big Production**

Main serums produced include those against tetanus, diphtheria and snake-bite. Other products made by the Instituto include specific vaccines and injections widely sold in Brazil and abroad.

For experimental purposes, the laboratories maintain some 6,000 guinea-pigs, 5,000 white mice and hundreds of pigeons and rabbits under control conditions. Horses are also kept as a hormone source.

Snake bite serum is obtained through "milking" the poison glands of hundreds of snakes on the grounds, kept in special quarters that rival those at Brazil's famed Butantan Institute, also in São Paulo.

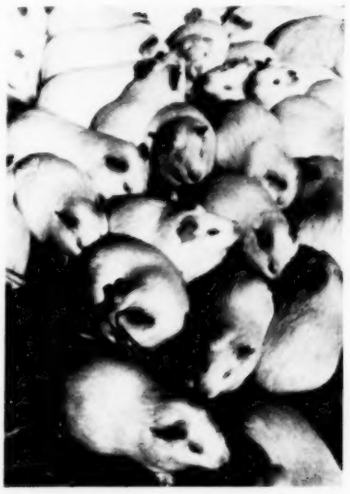
**Many Serums Made**

A recent report prepared by the Institute stated that in the preparation of anti-snake-bite serum alone, something like 10 to 15 thousand snakes are used yearly.

The laboratories of Instituto Pinheiros produce around 300 gallons of cultures daily which serve as the basis for the various serums, vaccines and other preparations made.

The firm is divided into three sections, one for research, another for production, and a third for sales. Specialists are invited in for consultations when decisions are taken by the governing board, called the Technical-Scientific Council.

The institute includes a Study Center, which makes research and product information available to doctors or druggists, together with instructions in the use and effects of new preparations.



**Above, a view of some of the Instituto's research buildings in a majestic setting. Left, some of the 6,000 guinea pigs used in experimental work. Below, the "snake farm," similar to that at Brazil's famed Butantan Institute.**

## Fast Rail Service To Volta Redonda

### Lower Shipping Charges Likely Result; Steel Output Is Rising

Fast transport of Volta Redonda steel goods from the mills to Rio will begin after the first of the year, when electrification of the stretch of the Central do Brazil Railway between Volta Redonda and Barra do Piraí is finished.

Electric trains can then run straight through from Volta Redonda to Rio. Cheaper shipping of steel goods will also bring Volta Redonda prices closer to the level of imported products.

**6-Month Output**

January-June production figures from Volta Redonda, meanwhile, were listed as follows:

| | | |
|---|---|---|
| **Steel** | **108,351** | **Tons** |
| **Pig Iron** | **171,648** | " |
| **Rolled Steel** | **141,715** | " |

Steel output at Volta Redonda was up by 67,680 tons over the like period of 1949, pig iron was up 84, 897 tons, and rolled steel by 37,350 tons.

Value of steel output during the first six months was set at 290,385,000 cruzeiros, pig iron at 249,619,000, and rolled steel at 521,998,000 cruzeiros.

## Canadian Firm Goes into Metals

According to the bulletin of the American Chamber of Commerce in Rio, a Canadian company is planning to invest around 100 million cruzeiros, about 5.5 million dollars, in "industrialization of non-ferrous metals" in Brazil.

The firm, said to be H. F. Pollock & Co. of Montreal, would set up headquarters in São Paulo and base its metal activities in the states of Minas Gerais and Bahia.

Equipment and skilled workers would be imported for the purpose from Canada, but Brazilian labor and materials would be used as widely as feasible.

It was reported also that a representative of the company was in São Paulo negotiating with various local firms interested in joining in the enterprise.

# Tables Show Hard and Soft Currency Trade by Brazil

The following tables show the division of Brazil's world trade between hard- and soft-currency areas during the first half of 1950.

Trade value with hard-currency areas came to 9,453 million cruzeiros, with a balance favorable to Brazil of 1,605 million cruzeiros.

Soft-currency trade during the first six months of 1950 amounted to 7,620 million cruzeiros and in this trade the balance went against Brazil for a loss of 454 million cruzeiros.

Certain peculiarities of trade will be noted in both tables. For example, in hard-currency trade, Brazil had completely lopsided dealings with the Netherlands West Indies, buying 773 million cruzeiros worth and selling nothing.

This results from the fact that the Netherlands West Indies is a main supplier of petroleum and its products for Brazil, and unlike Holland, the mother country, collects in dollars.

The relatively large deficit shown by Brazil in soft-currency trade with Belgium is also interesting, since Belgium might be considered an excellent market for Brazilian raw materials as well as a supplier of Brazil.

But Belgium obtains its Brazilian-type raw materials in great part from the Congo, its own territory. Complementary trade is thus hard to establish.

Certain countries whose two-way trade with Brazil in the first six months of the year came to less than one million cruzeiros, including Guatemala, Honduras, Nicaragua, Panamá and Ecuador in the hard-currency areas and the soft-currency countries of Egypt and Pakistan, are not listed in the tables.

## Hard-Currency Trade, Jan.-June, 1950

| | *Exports Cr$* | *Imports Cr$* | *Balance Cr$* |
|---|---|---|---|
| United States | 4,926,000,000 | 2,558,000,000 | 2,368,000,000 |
| Dutch W. Indies | ..... | 773,000,000 | —773,000,000 |
| Italy | 150,000,000 | 97,000,000 | 53,000,000 |
| Canada | 127,000,000 | 72,000,000 | 55,000,000 |
| Germany | 99,000,000 | 93,000,000 | 6,000,000 |
| Switzerland | 80,000,000 | 167,000,000 | — 87,000,000 |
| Finland | 55,000,000 | 58,000,000 | — 3,000,000 |
| Colombia | 17,000,000 | ..... | 17,000,000 |
| Portugal | 14,000,000 | 20,000,000 | — 6,000,000 |
| Venezuela | 11,000,000 | 58,000,000 | — 47,000,000 |
| Poland | 10,000,000 | 4,000,000 | 6,000,000 |
| Costa Rica | 1,000,000 | ..... | 1,000,000 |
| Cuba | 1,000,000 | ..... | 1,000,000 |
| Mexico | 2,000,000 | 6,000,000 | — 4,000,000 |
| Puerto Rico | 3,000,000 | ..... | 3,000,000 |
| Peru | ..... | 5,000,000 | — 5,000,000 |
| Austria | 5,000,000 | 9,000,000 | — 4,000,000 |
| Greece | 7,000,000 | 3,000,000 | 4,000,000 |
| Angola | 1,000,000 | ..... | 1,000,000 |
| Philippines | 5,000,000 | ..... | 5,000,000 |
| Palestine | 2,000,000 | ..... | 2,000,000 |
| Persia | 5,000,000 | ..... | 5,000,000 |
| Turkey | 8,000,000 | ..... | 8,000,000 |
| *Over-all Totals* | 5,529,000,000 | 3,924,000,000 | 1,605,000,000 |

## Soft-Currency Trade, Jan.-June, 1950

| | *Exports Cr$* | *Imports Cr$* | *Balance Cr$* |
|---|---|---|---|
| Britain | 914,000,000 | 1,140,000,000 | —226,000,000 |
| Argentina | 624,000,000 | 957,000,000 | —333,000,000 |
| Belgium-Lux. | 221,000,000 | 571,000,000 | —350,000,000 |
| Sweden | 313,000,000 | 362,000,000 | — 49,000,000 |
| France | 369,000,000 | 216,000,000 | 153,000,000 |
| Netherlands | 104,000,000 | 147,000,000 | — 40,000,000 |
| Norway | 116,000,000 | 121,000,000 | — 5,000,000 |
| Denmark | 164,000,000 | 51,000,000 | 113,000,000 |
| Chile | 108,000,000 | 101,000,000 | 7,000,000 |
| Spain | 170,000,000 | 31,000,000 | 139,000,000 |
| Bolivia | ..... | 1,000,000 | — 1,000,000 |
| Paraguay | 5,000,000 | ..... | 5,000,000 |
| Uruguay | 96,000,000 | 33,000,000 | 63,000,000 |
| Ireland | 2,000,000 | ..... | 2,000,000 |
| Yugoslavia | 6,000,000 | ..... | 6,000,000 |
| Czechoslovakia | 55,000,000 | 58,000,000 | — 3,000,000 |
| South Africa | 57,000,000 | 27,000,000 | 30,000,000 |
| India | 1,000,000 | 8,000,000 | — 7,000,000 |
| Iraq | 11,000,000 | ..... | 11,000,000 |
| Japan | 9,000,000 | 5,000,000 | 4,000,000 |
| Australia | 69,000,000 | 2,000,000 | 67,000,000 |
| New Zealand | 12,000,000 | ..... | 12,000,000 |
| Others | 159,000,000 | 211,000,000 | — 52,000,000 |
| *Over-all Totals* | 3,588,000,000 | 4,042,000,000 | —454,000,000 |

Analyzing the figures in the foregoing tables, Brazilian Economist Oswaldo Benjamin de Azevedo points out that in the first six months of 1950 about 61 percent of Brazil's would exports were paid for in hard currency, while Brazil bought in hard currencies only 49 percent of her imports.

These percentages result from a carefully calculated policy on Brazil's part, under which the percentage of imports payable in soft currencies increased from 41.5 percent in 1949 to 51 percent the first half of this year.

These facts, Mr. de Azevedo adds, explain to a certain extent the "relatively easier situation in hard currency and the rather difficult situation in soft currency, principally in sterling."

Brazil's total exports and imports during the first half of 1950, including both hard- and soft-currency countries, amounted respectively to 9,117 million and 7,966 million cruzeiros, with a favorable world-trade balance of 1,151 million cruzeiros.

## New Rolling Mill Planned in Brazil

New mills for making rolled steel are planned for São Paulo by the Companhia Paulista de Laminação, S. A., with operations to begin in March or April, 1951.

The company expects to make around 1,500 tons a month of special rolled-steel shapes. It has an initial capital of ten million cruzeiros, or around $540,000.

Construction of buildings and installations is already underway at Santo André, an industrial suburb of the City of São Paulo.

Main equipment will be received from the Demag organization of Duisberg, Germany. It will be shipped from Hamburg to Santos in December.

## *Corn and Wheat Crops Increase*

Brazil may have unusually big wheat and corn crops this year, according to reports from São Paulo, Paraná and Santa Catarina.

A report from Santa Catarina indicated that this year's wheat crop in that southern state would run to 120,000 metric tons, a rise of nearly 50 percent over the 1949 crop of 88,893 tons. The 1947 crop was 77,388 tons in the state.

From São Paulo it was reported that the corn crop would reach 20,446,000 60-kilo bags or some 1,226,760 metric tons With about 2,500,000 60-kilo bags from Paraná, the exportable corn crop from these two states was reckoned at around 360,000 tons.

## Amapá Manganese Loan Is Approved

Brazil's Chamber of Deputies has approved a bill authorizing the Treasury to guarantee a loan of $35 million from the World Bank to Indústria e Comércio de Minérios, S.A., which will develop manganese deposits in Amapá Territory in association with U. S. capital.

## *Good Increase in Brazilian Output Of Steels and Cement; Coal Lags*

If Brazilian basic industrial production continues for the rest of 1950 at the same tempo as during the first six months, output of steel and cement will surpass last year's, but coal production will be less.

Figures supplied by the Production Statistics Service of the Ministry of Agriculture, which surveys this field, indicated that Brazil was producing steel at an average rate of nearly 64,000 tons a month, with highpoints up to more than 70,000.

**Cement Output Rises**

Cement was being made at a rate of about 114,000 tons monthly, with a highpoint in March of nearly 126,000. Coal, the laggard in basic industrial production, was being mined at a monthly average rate of about 154,000 tons, although output in May reached above 180,000.

These rates, projected for the year, would give an annual production of about 768,000 tons of steel, some 1,368,000 tons of cement, and around 1,848,000 tons of coal. The actual rate may be expected to top the projection, however, as output tends to step up in the last half of the year.

As projected, steel production would be around 163,000 tons more than in 1949, cement production about 85,000 tons higher, and coal production, if the pattern continues, some 300,000 tons less.

**Affects Import Trade**

In all of these fields, Brazil still has to import from abroad, with a gradual decline noticeable in imports of steel, a rise in imports of coal, and, despite increased output, a probable spurt in cement imports in the second half of 1950 because of gigantic construction demands.

Rolled steel output during the first half of 1950 came to an average of 49,000 tons a month, or, on a projected basis, about 538,000 tons for the year. Actual rolled steel production last year was 500,193 tons.

Month-by-month production of steel, arsenic, coal, cement, pig-iron, rolled-steel, gold and silver is shown in the following table covering the first half of 1950.

## Month-by-Month Output in Tons, 1950

| | *January* | *February* | *March* | *April* | *May* | *June* |
|---|---|---|---|---|---|---|
| Steel | 65,811 | 59,553 | 59,255 | 62,362 | 70,123 | 63,154 |
| Arsenic | 72 | 65 | 96 | 28 | 77 | 79 |
| Coal | 165,238 | 139,428 | 157,519 | 149,152 | 100,201 | 171,095 |
| Cement | 107,930 | 104,936 | 125,559 | 110,731 | 116,759 | 115,995 |
| Pig-Iron | 55,867 | 50,053 | 55,809 | 56,133 | 62,073 | 62,187 |
| Rolled-Steel | 49,007 | 42,084 | 52,580 | 48,736 | 51,926 | 48,988 |
| Gold, grams | 299,077 | 294,863 | 337,434 | 305,198 | 357,377 | 353,940 |
| Silver, grams | 51,874 | 52,185 | 50,353 | 47,958 | 52,463 | 49,496 |

## *Brazilian-Made Movie Sets Record in Income*

The Brazilian feature-length movie, "Carnaval no Fogo," released this year, has set a record in gross income. Paid attendances have come to 30 million cruzeiros or about $1,500,000.

Some 12 feature-length movies were made in Brazil in the first half of 1950. About 345 Brazilian and domestic films were shown during the period, as well as 265 shorts and 334 trailers. The U. S. supplied 72 percent of the features.

## British Investment Cut Less in Brazil

Britain's biggest investments outside the Commonwealth are in Brazil, according to figures cited recently by *O Jornal*, Rio newspaper.

It quoted a bank of Brazil report indicating that Britain, up to the end of 1948, had investments in Brazil worth around four billion cruzeiros, or some $216 million.

It also said that between 1940 and 1948, Britain lowered investments in the United States by 71 percent, by 83 percent in Argentina, and by 50 percent in Brazil.

Before the war, Britain was the biggest foreign investor in Brazil. Now, both the United States and Canada have larger investments there. U. S. investments in Brazil are figured at about $600 million, Canada's at about half that.

## Cloth Exports Pick Up a Bit

Brazilian exporters of cotton cloth, who were in the doldrums last year, carried on a fairly good business during the first half of 1950, according to a report by *O Jornal*, Rio daily, although still far below previous levels.

Cotton-cloth exports during the first six months came to 1,169 tons valued at 141,055,000 cruzeiros. This was 603 tons and 106,675,000 cruzeiros more than in the same period of 1949.

The paper pointed out that the increase in value reflected improvement in quality of the cloth exported even more than price rises.

The combination of these two factors boosted the price per ton received by Brazilian cotton-cloth exporters from 60,703 cruzeiros last year to 120,660 this year.

Nevertheless, cotton-cloth exports remained at a low level compared to good years such as 1942-45, when yearly exports averaged around 24,000 tons, reaching as high as 26,434 tons in 1943.

# Brazil-Japanese Trade Picks Up

### May Mount to Pre-War Levels if Present Trend Keeps Up

Brazil has granted permission for Japanese ships to use Brazilian port facilities, with trade between the two countries expected to mount toward pre-war levels in the near future.

Pre-war Japan was a good market for Brazilian cotton, and in 1940 Japan absorbed about 6 percent of all Brazil's exports.

Two Japanese trade offices have been set up in Rio de Janeiro and São Paulo to help reestablish pre-war commercial relations.

Brazil has been buying about seven million cruzeiros worth of Japanese goods monthly since June, with emphasis on imports of sewing machines, wool yarn, textile machinery and drugs and chemicals.

From June 15 to September 15 Japanese goods worth 21,934,580 cruzeiros were imported, or somewhat more than a million dollars worth.

# *Brazilian News and Notes*

**NEW TANKER LAUNCHED**

The first of nine coastwise tankers ordered by Brazil from Japanese shipyards was launched October 7. The tanker was named "Salte 51", apparently after Brazil's "SALTE" Plan.

**PEPSICOLA HITS BRAZIL**

Pepsicola will "hit the spot" in Brazil, too, as a result of authorization to operate granted under Decree 28,478 last month. The Brazilian producer will be called Pepsi-Cola do Brasil, S.A. Its capital was listed as 936,000 cruzeiros.

**GREECE GETS COFFEE**

Greece was recently granted ECA appropriations amounting to $532,000 for purchase of Brazilian coffee. Some Brazilian canned meat may also go to Greece out of an ECA allocation of $173,000 for such purchases from Latin America.

**10 TONS OF LIGHT BULBS**

International General Electric's "Mazda" Plant in Rio de Janeiro now has a new glass furnace which can turn out around 10 to 12 tons daily.

**COOL AIR FOR FINE ARTS**

Bids for installing an air-conditioning system in Rio's National Fine Arts Museum were being looked over by the Works Division of the Ministry of Education this week.

**PRAISES VOLTA REDONDA**

S. M. Anderson of the U. S. Bureau of Mines, who recently toured Brazil, said that Volta Redonda, Brazil's biggest steel mills, is one of the most modern and best directed plants in the Western Hemisphere, including the United States

**MORE BEANS AND SPUDS**

Brazil's bean crop this year will be 1,222,282 metric tons, or about two percent more than last year. Brazil's potato crops are also increasing. Last year 727,-879 tons were grown, up by 142,-559 tons from 1948.

**MIDWIFE IS 130**

Census reports from the Brazilian state of Sergipe listed the oldest person in the state as Senhora Maria Lourença, 130 years of age. She was said to be still active as a midwife and to be keeping up her housework as well.

**CARS OUT AS BAGGAGE**

A bill eliminating passenger cars from the articles that can be brought into Brazil as baggage has been approved by Brazil's Senate.

**SNOW FALLS IN SOUTH**

Snow falls were reported in several regions in the southern Brazilian state of Rio Grande do Sul during the last week of September.

**HIGHEST MOUNTAIN**

The highest mountain surveyed in Brazil is Pico da Bandeira or Flag Peak in the Serra do Caparão between Minas Gerais and Espirito Santo. It is 9,482 feet.

**LONG RAILROADS**

There are four railways in Brazil 2,000 miles or more in length. Longest is the Rêde Mineira de Viação with about 2,500 miles.

# New Cement Plants May Boost Brazil's Output to Meet High Level of Demand

New cement plants in Brazil will boost output around half a million tons yearly, according to recent estimates.

Brazil last year produced around 1,218,000 metric tons of cement, and new installations will bring the total up to some 1,700,-000.

When the new output level is reached, it will just about meet demand at its present level, since Brazil consumes yearly more than 1,600,000 tons.

New production would just about free Brazil from dependency on foreign sources of cement, as present imports run around 350,000 tons a year.

However, growth in use may still oblige Brazil to import cement, even after the increase in output is achieved. A severe cement shortage already exists and attempts have been made to augment imports by a deal with West German suppliers.

#### Matarazzo Enters Field

Besides new mills planned in Bahia and at Volta Redonda, Brazil's huge firm of Indústrias Reunidas F. Matarazzo is said to be planning one in Rio Grande do Sul with an output of 127,000 tons yearly.

Heavy demand in Brazil has also led established mills to modernize and expand their facilities and formation of additional cement companies is probable.

Domestic output of cement has been growing by more than 100,-000 tons a year since the end of the war.

# Coffee, Cotton Lead as Exports

### Santos Two-Way Trade Is Heavily Concentrated In Main Products

Coffee and raw cotton accounted for more than 72 percent of all Brazilian exports shipped through the São Paulo port of Santos in July, according to figures from the Santos Dock Company.

Petroleum products and wheat during the same month accounted for nearly 65 percent of all imports through Santos from abroad.

Nearly 35 percent of all imports, heavily influenced by petroleum products, were from the Netherlands West Indies, with the United States supplying less than 14 percent.

#### Venezuela Third

Venezuela, also a petroleum source, came close to the United States as a leading supplier contributing nearly 13 percent by volume.

After these three were Argentina, Belgium, British West Indies, Britain, Sweden, French Morocco, France, Chile, India, Holland, Germany, Canada and Norway, with 13 other sources listed.

The United States was by far in the lead as a market for products shipped through Santos in July, however, accounting for nearly 54 percent of the total.

About 15½ percent of exports through Santos in the month went to England, and another 6 percent went to Argentina as the third best market.

#### Main Products Listed

Main exports after cotton and coffee were, in volume, bananas, beans, rice, peanut meal, manioc starch, castor oil, and oranges. Others listed were hides and skins, animal fertilizer, cotton waste and linters, lemons, machinery and parts, castorseed and cocoa butter.

Leading imports, after petroleum products and wheat, included coal, drugs and chemicals, fertilizers, sulphur, paper pulp, machinery, cement, metals, wire, vehicles and parts, steel, and jute fiber.

# *Pharmaceutical Industry Has Room for More Investors*

## Production Expanding Rapidly But Lags Behind Growth in Demand

Brazil is in the paradoxical position, common to underdeveloped countries, of having within its own boundaries plentiful supplies of raw materials but of importing from abroad, in many cases, those same raw materials or their finished forms.

This is true to some extent even in the drug and pharmaceutical industry. Practically all needed raw materials for manufacturing of drugs and pharmaceuticals are available within Brazil. But the great growth in domestic purchasing power in recent years has far outpaced domestic production facilities.

The result has been that Brazil, despite its abundant raw materials and its developing pharmaceutical industry, is still obliged to import a large share of its drugs and pharmaceuticals.

### Drug Imports Costly

Yearly imports in this field run to around 500 million cruzeiros. This sum represents, approximately, the difference between existing Brazilian production of drugs and pharmaceuticals and effective demand for them in Brazil at this time.

In other words, a market with an assured and basic value of 500 million cruzeiros awaits firms which manufacture within Brazil at costs enabling competitive advantages over imported products.

Apart from this basic advantage created by the fact that Brazilian demand is greater than domestic supply, further advantages await manufacturers of pharmaceuticals because of the availability, within Brazil itself, of the needed raw materials.

Moreover, the 500 million cruzeiro difference between Brazilian domestic supply and domestic consumption is not an adequate measure of existing effective demand, nor does it take into account the rate of growth in this demand.

### Profit Rates High

Perhaps the best indication of how far behind demand is Brazilian supply in the pharmaceutical field, is the rate of profit made by drug and pharmaceutical companies in Brazil. In Brazil, as in other countries, the percentage of profit is a fairly good index of the width of the gap between effective demand and available supply.

According to *Conjuntura Econômica*, Rio economic review which impartially surveys profit indices in major business in Brazil, "the pharmaceutical industry continues to receive high profits, amounting to about 30 percent of capital investment and to 22 percent of capital plus reserves."

● Moreover, foreign firms in the general field of the "chemical and pharmaceutical industry" made even higher profits on investment than did Brazilian firms.

● The study showed that 39 foreign firms surveyed had a total capital investment in 1949 of 750 million cruzeiros and that their net profit last year was 265 million cruzeiros. This came to 35 percent. It was 32 percent of capital plus reserves.

Brazilian firms in the field, much more numerous but with smaller individual investments, made 18 percent profit on their capital investment last year, and 14 percent on capital plus reserves.

### Big Investment

A total of 205 Brazilian companies, with an over-all investment of 1,319 million cruzeiros, and the 39 foreign firms with investments totaling 750 million cruzeiros, were surveyed within the chemical and pharmaceutical field.

At present Brazilians are spending yearly around five and a half billion cruzeiros on pharmaceutical preparations, equivalent to nearly $300 million, or some three percent of presumed national income.

This sum represents retail sales in the field. About three billion of the total goes back to the pharmaceutical industry, roughly representing wholesale receipts, and the other two and a half billion cruzeiros are retained by dealers and distributors at retail.

Imported pharmaceuticals in Brazil are frequently sold at about three times the price of the equivalent article in the country of manufacture, indicating that effective demand in Brazil for these specialties is far beyond available supply.

### Good Antibiotics Field

This specialty field in pharmaceuticals, that is, the manufacture within Brazil of products now available only in imported form despite tremendous demand, would likely be one of the best for prospective investors to enter. Antibiotics is one branch of the pharmaceutical industry for which a vast unfilled market exists.

● In general, the best area for investment within the pharmaceutical industry in Brazil can be determined by investigation of products now mostly imported but which can be made domestically.

Among them are the various sulpha drugs, penicillins, the new antibiotics such as streptomycin, aureomycin and so on, many organic chemicals, and most of the vitamins. Several of these are already produced in Brazil, but none of them in sufficient quantity to meet demand.

Another index to demand in Brazil, and, more specifically, to its rate of growth, is the fact that imports of pharmaceuticals and drugs of these types went up more than fourfold between 1945 and 1949. In 1949, 19 times as much penicillin was imported as in 1946 and 5.4 times as much as in 1948.

Nevertheless, only recently was a penicillin manufacturing firm set up in Brazil in conditions to produce with some adequacy for the domestic market. American investment participated.

### Some Drugs Exported

In certain sections of the pharmaceutical industry, Brazil is already self-sufficient enough to enable exports. This is true, however, only in those fields where Brazil has an overwhelming supply of the raw material concerned and where the processing involved is relatively simple.

Exports of pharmaceuticals especially to South American countries, are concentrated in alkaloids such as emetine, theobromine and caffeine, together with a few medicinal injections and vaccines or serums which are Brazilian specialties. Branch laboratories of Brazilian firms have already been established abroad to facilitate these sales.

Last year all of Brazil's pharmaceutical exports were valued at only about 55 million cruzeiros, or less than $3 million, of which 18 million cruzeiros worth was caffeine. Exports were thus only about 10 percent of imports.

The prospective investor in the Brazilian pharmaceutical industry should not consider it as a virgin field, however. It is one of the largest industries in Brazil and is "small" only in relation to present and potential demand.

### War Spurred Growth

Before the war Brazil imported not only finished drugs but almost all the raw materials used in the small domestic industry from abroad, with main suppliers including Germany, Britain and France.

During the war, these sources were largely eliminated and Brazil turned toward the United States for supplies. Since the U. S. was not prepared to meet the demand, Brazil was obliged to set up its own industry on a larger scale.

By the time the war ended, however, U. S. manufacturers were ready to compete on the world markets and during this period many small Brazilian pharmaceutical concerns dropped out.

Others were obliged to modernize to meet competition, while at the same time many European and American firms began migrating to Brazil and helped set up standards for the postwar industry.

There are probably now some 850 pharmaceutical firms in Brazil, with upwards of 75,000 employes. Only some food and clothing industries surpass the pharmaceutical field in importance, among branches of production based directly on the consumer.

Since 1920, Brazil's pharmaceutical industry has increased its output around 120 times and its employe force by more than 60 times. In the same 30 years, population increased by around 60 percent, with effective demand gaining faster than population.

# OPPORTUNITIES IN BRAZILIAN TRADE

*The Brazilian Government Trade Bureau has received the following inquiries from businessmen in Brazil, who desire to export or import the products listed below. These inquiries are published as received and no representation is made as to standings of listed firms. We suggest that the parties interested write directly to these firms, via airmail, as well as to this office, at 551 Fifth Avenue, New York 17, N. Y.*

## BUYERS WANTED

**MANGANESE** and Iron Ores, as well as Kyanite, Silimanite, Specularite or Jewel Hematite, Agates, Bismuth Ore and other Minerals. Bureau de Intercambio Comercial, Ltda., Avenida Presidente Vargas 529, Sala 1807, Rio de Janeiro, Brazil. Cable: Marinagua.

**SCISSORS,** cast iron, nickel plated. Fábrica Nacional de Tesouras, Ltda., Caixa Postal 4, Porto Alegre, R. Grande do Sul, Brazil.

**LUMBER.** M. I. Sanches, Caixa Postal 852, Porto Alegre, R. Grande do Sul, Brazil. Cable: Mises.

**KAOLIN.** Samples sent upon request. José Peixoto Sobrinho, Praça João Pinheiro 12, Caeté, Minas Gerais, Brazil.

**BERYLLIUM,** Columbite, Tantalite, Bauxite and Galena, in large quantities. Also Gems, uncut or polished, in smaller quantities. J. Ottoni Alves, Caixa Postal 142, Governador Valadares, Minas Gerais, Brazil. Cable: Probrasil.

**VEGETABLE OILS,** Fibers, Manioc Starch, Ipecac and Menthol. Geo. Gryzaconides, Caixa Postal 3568, Rio de Janeiro, Brazil. Cable: Geodis.

**SALTED HIDES,** Corn, Cotton and Sisal. Gurgel, Azevedo & Cia., Ltda. Caixa Postal 179, Natal, Rio Grande do Norte, Brazil. Cable: Gurvedo.

**COTTON** and By-products. Araujo Rique & Cia., Caixa Postal 26, Campina Grande, Paraíba, Brazil. Cable: Rique.

**CUTLERY** complete sets of stainless steel, German silver and nickel. Indústria Metalúrgica Gazola, Travi, Ltda., Caixa Postal 40, Caxias do Sul, Rio Grande do Sul, Brazil. Cable: Gazola.

**RAW WOOL,** Dried Hides, Animal Hair and Sheepskins. Anselmi & Cia., Caixa Postal 65, Rio Grande, Rio Grande, do Sul, Brazil.

**RICE,** Beans and Tapioca Flour. Antonio M. da Silva & Ltda., Caixa Postal 893, Porto Alegre, Rio Grande do Sul, Brazil. Cable: Vanguarda.

**ART PIECES** made out of Parána Pine, as well as other regional curiosities. Also Boxes, Trays, Albums, Cigarette Holders, etc., with carved mosaic, flowers and rural pictures. Tiburius & Cia., Ltda., Caixa Postal 453, Curitiba, Paraná, Brazil.

**SPONGE RUBBER,** Dipped and Molded Rubber Goods. Peirão, Cardoso & Cia., Caixa Postal 6558, São Paulo, Brazil.

**CASTOR OIL.** Armando Farkuh & Irmão, Ladeira Porto Geral 106, Sala 3, São Paulo, Brazil.

**MANIOC** and Arrowroot Meals, Artificial Sago. Bicycles. Carlos Schroeder, S.A., Rua Lauro Mueller, Indaial, Santa Catarina, Brazil. Cable: Schroeder.

**BEANS** and Corn. Comércio e Indústria Oeste S.A., Caixa Postal 48, Joaçaba, Santa Catarina, Brazil. Cable: Ciosa.

**RAW KAOLIN.** Hermínio de Carvalho, Caixa Postal 175, Manaos, Amazonas, Brazil. Cable: Hermicar.

**ROCK CRYSTALS.** Pedro Vieira Machado, Caixa Postal 6, Corinto, Minas Gerais, Brazil. Cable: Radioelectrica.

**LUMBER,** Matches, Matte. M. Lupion & Cia., Caixa Postal 501, Curitiba, Paraná, Brazil. Cable: Lupion.

**STRAW MATS,** plain or dyed, also Black and Green Indian Tea. Gintoku Arakaki & Cia., Rua Paula Souza 471, Quinto Andar, São Paulo, Brazil.

**CAFFEINE.** Companhia Química Paraná, Caixa Postal 362, Curitiba, Paraná, Brazil. Cable: Quimica.

**WOOL** and Sheepskins, Cattle and Horse Hides and Hair, Wild Animal Skins, Wax, etc. Gomes, Barcelos & Cia Ltda., Caixa Postal 41, Bagé, Rio Grande do Sul, Brazil. Cable: Semog.

## SELLERS WANTED

**PARAFFIN** and Stearic Acid. Sociedade Pernambucana de Indústrias Gerais, Ltda., Caixa Postal 1085, Recife, Pernambuco, Brazil. Cable: Sopig.

**NON-FERROUS** metal sheets and ingots. Also Stainless Steel Sheets and Bars. Indústria Metalúrgica Gazola, Travi, Ltda., Caixa Postal 40, Caxias, Rio Grande do Sul, Brazil. Cable: Gazola.

**WIRE,** Galvanized, Zinc Tiles, Cement, Caustic Soda, Sodium Silicate, Pitch, Turpentine Essence, Dried Fruits. Anselmi & Cia., Caixa Postal 65, Rio Grande, Rio Grande do Sul, Brazil.

**HARDWARE** and Tinplate. Carlos Schroeder S.A., Rua Lauro Mueller, Indaial, Santa Catarina, Brazil. Cable: Schroeder.

**FARM TOOLS,** Hardware, also Wire. Comércio e Indústria S.A., Caixa Postal 48, Joaçaba, Santa Catarina. Cable: Ciosa.

**CHEMICALS,** Raw Materials, Metals. Maks A. Fiksel, Caixa Postal 4137, São Paulo, Brazil. Cable: Peristent.

**INDUSTRIAL CHEMICALS,** Raw Materials, Iron and Steel products. Geo. Gryzagorides, Caixa Postal 3568, Rio de Janeiro D.F., Brazil. Cable: Geodis.

**TYPEWRITERS** and Adding Machines, Radio Sets, Cultivators, Barbed Wire, Cement, Farm Tools. Gurgel, Azevedo & Cia. Ltda., Caixa Postal 179, Natal, Rio Grande do Norte, Brazil. Cable: Gurvedo.

**SAWMILL MACHINERY,** Coal-mining machinery, Trucks, Motors, etc. M. Lupion Cia., Caixa Postal 501, Curitiba, Paraná, Brazil. Cable: Lupion.

**EMERY** and Emery wheels, Crucibles and Nickel Anodes. Fábrica Nacional de Tesouras Ltda., Caixa Postal 4, Porto Alegre, Rio Grande do Sul., Brazil.

**CIRCULAR SAWS,** Band Saws, Files and other machinery for Sawmills. Carlos Itiberê da Cunha & Cia., Caixa Postal 73, Curitiba, Paraná, Brazil. Cable: Itibere.

**SODIUM BICHROMATE,** Chrome Salt, Sodium Sulphite, Sodium Bisulphite and other chemicals for tanning industry. Also, Machines, Tools and Materials for tanning, saddle and shoe industries. Guilherme Fasolo & Filhos, Caixa Postal 5, Bento Gonçalves, Rio Grande do Sul, Brazil. Cable: Fasolo.

**INDUSTRIAL MACHINERY** and parts, Chemical products, Rabbit skins for hat-making, Natural Sponges for industry, Hat Sweat Bands. Roso, Giró & Cia. Ltda., Caixa Postal 3202, São Paulo, Brazil. Cable: Rosogiro.

## REPRESENTATIVES

Paiva & Irmão, Caixa Postal 153, Natal, Rio Grande do Norte, Brazil, offers to represent American exporters of Radio Sets, Refrigerators, Electric Apparatus, Typewriters, Sewing and Washing machines.

Oil Refineries are offered exclusive representation by a new firm in São Paulo City. Contact Snr. Ignácio Demétrio Calfat, Avenida Brigadeiro Luiz Antonio 3477, São Paulo, Brazil. References with Dun & Bradstreet and the Royal Bank of Canada.

## MISCELLANEOUS

Snr. Augusto Lopes, Rua Ruy Barbosa 427, São Paulo, Brazil, holder of a Brazilian patent for manufacture of an inside Windshield Wiper, synchronized with ordinary wiper, will license production to American manufacturers of automobile parts.

**INVESTORS** are invited for processing of Sugar Cane Bagasse in Northeastern Brazil. More than 80,000 tons of raw material available annually. Brazilian interests would guarantee power, local labor, buildings and part of capital. For further details write to this office, mentioning this publication, or directly to Snr. Werner Luck, Caixa Postal 740, Recife, Pernambuco, Brazil.